

PLANNING REFORM WORKING PAPER: SPEEDING UP BUILD OUT

CONSULTATION RESPONSE

Response from: BusinessLDN, One Oliver's Yard, 55-71 City Road, London EC1Y 1HQ

Prepared by: Harry Steele, *Programme Director, Planning & Development* and Sarah Bevan, *Director, Planning & Development*

Date submitted: 7th July 2025

INTRODUCTION

1. BusinessLDN is a business membership organisation with the mission to make London the best city in the world to do business, working with and for the whole UK. BusinessLDN works with the support of the capital's major businesses in key sectors such as housing, commercial property, finance, transport, infrastructure, professional services, ICT, and education. We welcome the opportunity to respond to the Ministry of Housing, Communities & Local Government's consultation on speeding up build out rates.
2. It is our view that these proposals have been brought forward prematurely for consultation. The Government should first implement the new data reporting requirements introduced through the Levelling-up and Regeneration Act 2023 and consulted on currently through the '*Technical consultation on implementing measures to improve build out transparency*'. This data should be gathered for an extended period of time that covers one entire development cycle to build a comprehensive, long-term evidence base on how schemes are built out. If, after analysing data, there is robust evidence of systematic delays by developers, then further policy intervention should be explored that specifically targets the issues identified. At this stage, the proposals appear to misdiagnose the issue and risk doing more harm than good.

RESPONSES TO THE CONSULTATION QUESTIONS

Do you agree with the evidence base and theory we have set out on build out rates?

3. Whilst we understand the Government's focus on investigating all factors that have the potential to impact housing supply, the evidence base underpinning this consultation does not convincingly demonstrate that slow build out rates are a primary barrier. Paragraph 7 refers to "many examples" of faster delivery internationally, but the examples cited are limited and anecdotal. There is also no clear definition of what constitutes an "acceptable" build out rate in the context of the UK housing market, which undermines the case for intervention.

4. If the Government is proposing to regulate build out rates, it is important to explore whether such mechanisms are used internationally, how they work, and whether they have demonstrably increased overall housing supply. Without this context, the proposals appear speculative.
5. The analysis implies a need to balance for-sale development with other tenures to accelerate delivery. We support efforts to diversify housing types, but caution against undermining for-sale development, which remains the primary source of subsidy for constructing affordable homes and the tenure of choice for the majority of the UK population in the conventional housing market.
6. The paper also touches on the challenges facing SME housebuilders, suggesting they are being crowded out of the market. We agree, but this is in part the result of long-standing government policy and economic factors over nearly two decades. The rising cost and complexity of securing planning permission, obtaining finance and complying with increasingly complex regulations has driven many SMEs out of the market. These systemic issues are a more significant barrier to delivery than build out rates on large sites.
7. Focusing on build out rates specifically risks overlooking solutions to these broader challenges. In fact, the proposals will introduce further complexity to the development process, potentially making development riskier and thus even more expensive. Any such impact on a development's cash flow would have the unintended consequence of slowing down its build out rate rather than speeding it up.
8. This would be particularly damaging for Build to Rent (BTR) schemes which have a different financial model. They require greater capital upfront and therefore pressures on investor confidence are increased. Any additional obligations or uncertain liabilities could deter investment and reduce delivery in this growing sector, where the key barrier is not slow build out, but insufficient stock to invest in.
9. Moreover, the implication that the grant of a planning permission could be contingent on future build out performance risks undermining the fundamental principles of the English planning system whereby planning permission is tied to the land to which it relates, not to the applicant proposing the development. Planning permission does not, and should not, compel immediate delivery because it is not applicant specific. Introducing obligations tied to build out rates would fundamentally undermine those longstanding principles.
10. At a time when housing starts are at or near historic lows, both nationally and in London, this is not the right moment to increase regulatory hurdles. Between October 2023 and September 2024, just 124,810 homes were started, a sharp drop from 198,480 over the same period in 2018-19¹. In this context, the Government should focus on supporting a broader mix of housing tenures and enabling for-sale developers to bring schemes forward more easily.
11. Firstly, the Government should implement the new data reporting requirements introduced through the Levelling-up and Regeneration Act 2023. This data should be gathered an extended period of time, to ensure it covers an entire development cycle, to

¹ [Indicators of house building, UK: permanent dwellings started and completed by country](#), Office for National Statistics (2025)

build a comprehensive, long-term evidence base on how schemes are built out. If, after analysing the data, there is robust evidence of systematic delays by developers, then further policy intervention should be explored that specifically targets the issues identified. At this stage, the proposals appear to misdiagnose the issue and risk doing more harm than good.

How could we go further to support models of housebuilding which build faster, such as small sites, strategically master-planned and mixed tenure?

12. We support measures that encourage a diversity of housebuilding models such as small sites, mixed tenure developments and strategically master planned schemes. However, it is a mistake to think that such development will automatically build out at faster rates as these types of schemes are impacted by many of the broader issues encountered by conventional for-sale development which can sometimes hinder development before and during construction and can also impact on the build out rate (minus the factor of selling the homes).
13. Focussing efforts on reducing the general barriers to development would help support a variety of housebuilding models as well as development in general. For example, more can be done to tackle delays in planning, regulatory approvals and processes, and the infrastructure needed to expedite delivery.
14. Resourcing in local planning authorities (LPAs) is a major constraint. While government proposals to expand schemes of delegation are welcome, more action is needed to boost capacity. BusinessLDN's *Kickstarting Growth: Supporting Local Planning Authority Resourcing in London*² report outlines how a consistent approach to Planning Performance Agreements, supported by a centrally managed resourcing hub based on the former ATLAS model, could increase the efficiency of processing applications, agreeing Section 106 obligations, approving conditions and ultimately streamlining housing delivery across the capital.
15. Regulatory delays continue to pose significant challenges to housing delivery in London. Delays linked to the Building Safety Regulator (BSR) are particularly concerning, with some decisions taking over 50 weeks instead of the expected 12, creating considerable uncertainty for large and complex schemes. This highlights the urgent need for a more proportionate and transparent process.
16. Additionally, housing associations in London face barriers in taking on new affordable homes through Section 106 agreements. Many are prioritising resources to upgrade existing homes in response to post-Grenfell safety requirements and regulatory changes. BusinessLDN³ has examined this issue closely and supports practical short-term solutions, such as payments in lieu or cascade mechanisms, to maintain affordable housing delivery while the sector recovers.

² [Kickstarting Growth - Supporting Local Authority Planning Resources in London](#), BusinessLDN (2025)

³ [Briefing note: Explaining the blockages in the process of purchasing Section 106 Affordable Homes](#), BusinessLDN (2025)

17. The Government's recent reforms to the BSR and its continued support for the affordable housing programme in the Spending Review could play a vital role in addressing these challenges and supporting housing delivery without the need for build out intervention.
18. Finally, the roll out of design codes by LPAs will increasingly provide greater certainty for applicants in the planning process over LPA expectations and therefore speed up planning and delivery. Of the examples specifically mentioned in the consultation question, location specific design codes for regeneration sites will support "strategically master-planned" schemes and area wide design codes for smaller infill projects and specific building types will support "small sites" and SME projects.

For mixed tenure, what would you consider to be an appropriate threshold level?

19. The development industry is organically already diversifying housing tenures and focussing on greater partnership working in response to evolving market conditions and local needs.
20. However, there should be caution about making diversity a mandatory requirement and setting a specific threshold level. Developers are generally better placed than policy makers at assessing what housing mix will work best in a specific location, considering factors such as delivery viability and current market conditions. That said, we support policies that encourage a diverse housing offer on large sites without making it an obligatory condition, allowing flexibility to positively respond to the unique circumstances of a particular site and current supply and demand considerations.

Do you have any views on how the proposed CPO measures would work best in practice?

21. We support reforms to simplify Compulsory Purchase Order (CPO) powers where they could help unlock long-stalled sites by allowing the conditional confirmation of CPOs earlier in the process. However, where CPOs are pursued, there are still major challenges. Compensation is typically calculated on existing use value, which may be far below a landowner's expectations, leading to lengthy disputes, legal costs and delays. And even once land is acquired, councils still face questions around delivery: whether through Homes England, market disposal, or joint ventures, none of which are straightforward. Ultimately, CPO powers can help facilitate delivery but cannot guarantee it, and further clarity is needed on how public authorities will be supported in turning acquired land into completed homes. Therefore, given how complex and resource-intensive CPOs remain in practice, this reform is unlikely to significantly increase uptake without substantial public sector funding and in-house expertise. Preparing and implementing a CPO remains a major undertaking, and many councils will not have the capacity to act even if new powers are introduced.

What are the right set of exemptions for external factors that impact build out rates? Should this include economic downturns which reduce sales rates, or does that mean that payments would be too weak to induce the shift toward the partnerships business models we want to see?

22. We do not support the principle of applying financial penalties to developers for slower build out rates. Ultimately, a development company has a financial imperative to drive

forward delivery to generate income and support its cash flow. In practice, there are a wide range of legitimate reasons why development may not proceed as expected which have been outlined throughout this consultation response. These include delays in obtaining permission for scheme amendments (and any associated S106 deed of variations), bottlenecks associated with the Building Safety Regulator, wider economic conditions such as recessions or downturns, significant increases in construction or inflationary costs, delays in securing funding for later phases of development, and the need to discharge planning conditions. These are all common challenges in complex development environments, particularly in London.

23. If a financial penalty policy were to be introduced, it should be tightly defined and used only in exceptional cases. The focus of the penalty should also be reversed, applying only where it can be demonstrated with evidence that there is clear and unjustified delay without any legitimate reason and the build out rate does not meet the test of being “reasonable or appropriate”.

For the Delayed Homes Penalty, do you agree with the intention to use it to incentivise the shift towards higher build out models of housebuilding?

24. We do not support the introduction of a Delayed Homes Penalty as a means of incentivising higher build out models. At a time when strong public and private sector collaboration is essential to increase housing supply and meet housing need, introducing a penalty risks undermining trust and discouraging investment.
25. Rather than creating a new penalty, which could take money out of housing investment, the focus should be on fostering partnerships that help overcome the well-evidenced barriers to delivery, many of which are outside developers’ control.

Are there wider options you think worthy of consideration that could help speed up build out of housing?

26. There are a number of ways in which housing delivery can be accelerated, many of which are outlined above in response the previous questions.
27. Improving the delivery of Section 106 affordable homes is essential, with short-term flexibility, such as payments in lieu or cascade mechanisms, helping to maintain delivery while the sector recovers.
28. Supporting LPA resourcing is also critical, and there is scope to explore how the private sector can play a greater role in providing additional capacity.
29. Delays linked to the Building Safety Regulator continue to cause uncertainty, particularly for complex schemes, and must be addressed through a more transparent and proportionate approach.
30. We urge the Government to strengthen policy and political support for modern methods of construction, particularly modular schemes, to help accelerate build-out rates. Modular construction enables faster delivery through factory-based assembly and tightly coordinated timelines, directly aligning with the Government’s goal to improve the efficiency of housing delivery.

31. Finally, closer coordination on infrastructure delivery, particularly around transport, utilities and energy, is needed to ensure that optimal homes can be delivered in line with essential supporting services.